

**IN THE UNITED STATES DISTRICT COURT FOR THE  
DISTRICT OF DELAWARE**

**PRECISION ENGINEERING LTD.,**

**Plaintiff,**

**v.**

**LORD CORPORATION and  
LORD FAR EAST, INC.,**

**Defendants.**

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**C.A. No. 06-110-GMS**

**JURY TRIAL DEMANDED**

**JOINT STATUS REPORT**

In accordance with this Court's June 19, 2006 Notice of Scheduling Conference the parties submit the following joint status report.

**1. Jurisdiction and Service**

The parties agree that the Court has jurisdiction over the subject matter. Defendants did not raise the issue of whether or not they are subject to personal jurisdiction in Delaware. Pleadings have been served on all of the parties.

**2. Substance of Action**

Plaintiff Precision Engineering Ltd. filed a Complaint on February 21, 2006 against defendants Lord Corporation ("Lord") and its wholly-owned subsidiary, Lord Far East, Inc. ("LFE"). Plaintiff's Complaint asserts claims against Lord for breach of express contract, breach of implied contract, breach of quasi contract and promissory estoppel based upon Lord's alleged breach of an alleged exclusive distributorship agreement with Plaintiff for the distribution of Lord products in Thailand. Plaintiff's Complaint further asserts claims against both Lord and LFE for tortious interference with business relations, fraudulent misrepresentation

and negligent misrepresentation based upon defendants' alleged interference with plaintiff's relationships with its existing customer and defendants' alleged obtaining under false pretenses plaintiff's customer lists and related customer information.

On April 12, 2006, defendants answered plaintiff's Complaint, denying the material allegations asserted against them, including plaintiff's allegation that the parties entered a written or oral agreement regarding the distribution of Lord products in Thailand, plaintiff's allegation that defendants interfered with any of plaintiff's relationships, and plaintiff's allegation that defendants obtained any information from plaintiff under false pretenses, and asserting the affirmative defenses of statute of limitations, statute of frauds, failure or lack of consideration, failure to mitigate and privilege, among others. Defendants further asserted that, even if the parties are found to have entered into a contract, the contractually-based claims asserted in plaintiff's Complaint are barred because any relationship between plaintiff and Lord was an at-will relationship, terminable by the parties at any time, without cause.

3. **Issues To Be Resolved**

Issues that must be resolved include what jurisdiction's law governs plaintiff's claims (North Carolina, Pennsylvania, Thailand or Japan), and whether plaintiff's claims exists or are viable under the applicable jurisdiction's laws. Resolution of these issues may be impacted by Federal Rule of Civil Procedure 44.1 and may require the introduction of expert opinion.

In addition, the issues to be resolved in this litigation with respect to defendant Lord include the existence, validity, terms and enforceability of an exclusive distributorship agreement between plaintiff and Lord for the distribution of Lord products in Thailand. If plaintiff does not prevail on its contractual claim, the finder of fact must determine whether plaintiff is entitled to recovery under its quasi-contractual theories. In addition, the finder of fact must determine whether Lord and LFE tortiously interfered with plaintiff's business relations,

and whether Lord and LFE fraudulently or negligently misrepresented to plaintiff their motives for requesting plaintiff's customer lists and related customer information. In addition, the finder of fact must determine whether any of the affirmative defenses asserted by Lord and LFE bar any or all of plaintiff's claims.

If defendants are found liable on the contractual, quasi-contractual and/or tort claims, the finder of fact must determine what damages, if any, plaintiff has suffered. Moreover, if plaintiff prevails on the tort-based claims, the finder of fact must determine whether defendants' actions warrant the imposition of punitive damages.

4. **Narrowing Of Issues**

The parties may file motions for summary judgment, which could limit or resolve one or more issues in advance of trial.

5. **Relief**

Plaintiff seeks an order and judgment in its favor against defendants for damages it sustained as a result of defendant Lord's alleged breach of its exclusive distributorship agreement with plaintiff, and as a result of the alleged tortious conduct of defendants Lord and LFE. Defendants seek an order denying the relief sought in the plaintiff's Complaint.

6. **Amendment of Pleadings**

The parties have agreed that, unless the Court orders otherwise, all motions to amend pleadings shall be filed by October 12, 2006.

7. **Joinder of Parties**

The parties have agreed that, unless the Court orders otherwise, all motions to join additional parties shall be filed by October 12, 2006.

8. **Discovery**

This case relates to events and relationships in the United States, Thailand and Japan. Defendants have advised that they intend to engage in international discovery. Plaintiff does not consider “international discovery” to include discovery and depositions of employees of United States defendants like Lord and LFE. Plaintiff has not yet determined whether it will be necessary to engage in international discovery of third parties. Some of the documents to be produced will not be in the English language, one of plaintiff's principals does not speak English sufficient to allow a full deposition without a translator, and may be unable to travel to the United States for a deposition due to health reasons. Depositions of third party witnesses may require a translator as well. There could arise issues regarding the location and timing of discovery, particularly as to third parties who are not subject to service in the United States and must be served by a means other than subpoena.

Absent further agreement, Order of the Court, or as outlined below, the parties have agreed to abide by Rule 26.1 of the Local Rules for the District of Delaware; provided, however, that the parties agree to limit the number of interrogatories each can propound to 25 pursuant to Federal Rule of Civil Procedure 33. The parties agree that either party shall be free to seek leave of Court, for good cause shown, to amend the discovery provisions of Local Rule 26.1. The parties have also conferred on the issue of scheduling and have been unable to agree on a proposed schedule of dates. Accordingly, plaintiff hereby proposes the schedule of dates set forth in Exhibit A attached hereto, and Defendants propose the schedule of dates set forth in Exhibit B attached hereto. Of course, any schedule is subject to the Court's calendar and approval.

9. **Estimated Trial Length**

The parties estimate that the trial will take 10 full court days.

10. **Jury Trial**

The plaintiff has demanded trial by jury.

11. **Settlement**

Plaintiff does not believe that settlement discussions that have occurred since the inception of this lawsuit have been fruitful and does not believe that further settlement talks would be productive at this time.

Defendants believe settlement negotiations have been fruitful, further settlement discussions would be fruitful and that the prospects of settlement are good. Plaintiff's principals have advised defendants that they want to continue pursuing the settlement negotiations. Defendants believe that if settlement can be achieved, it likely will occur in the near future.

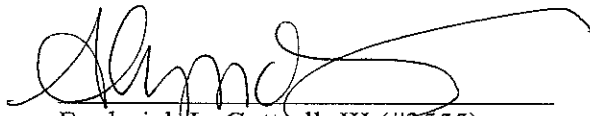
The parties will be willing to engage in settlement negotiations with the supervision of the Magistrate Judge at a later time to be set by the Court.

12. **Other Matters**

The parties agree that a Protective Order will be desirable and prudent. The parties will employ their best efforts to reach agreement on the terms of such a Protective Order by July 27, 2006.

13. **Certificate of Conference**

The parties certify that they have conferred about each of the above matters set forth in this report.



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Dated: June 27, 2006

**PLAINTIFF'S PROPOSED CASE SCHEDULE**

<b>Event</b>	<b>Proposal</b>
Exchange of Initial Disclosures	August 1, 2006
Motion to Amend Pleadings	October 12, 2006
Motion to Join Additional Parties	October 12, 2006
Completion of Fact Discovery	January 12, 2007 (or 6 months after Exchange of Initial Disclosures)
Opening Expert Reports (burden of proof)	January 26, 2007
Answering Expert Reports	February 23, 2007
Completion of Expert Discovery	March 16, 2007
Letter Briefs Seeking Permission to file Dispositive Motions	Opening: April 13, 2007 Response: April 20, 2007 Reply: April 26, 2007
Hearing Concerning Permission to File Summary Judgment Motions	Discretion of Court
Summary Judgment Briefing	Opening: May 25, 2007 Response: June 14, 2007 Reply: June 28, 2007
Summary Judgment Hearing	At Court's discretion
Motions in Limine	Opening: July 26, 2007 Response: August 9, 2007 Reply: August 16, 2007
Submission of Joint Proposed Pretrial Order	30 days before pretrial conference
Pretrial Conference	At Court's discretion
Trial	October 2007

**EXHIBIT B**

**DEFENDANTS' PROPOSED CASE SCHEDULE**

<b>Event</b>	<b>Proposal</b>
Exchange of Initial Disclosures	August 1, 2006
Motion to Amend Pleadings	October 12, 2006
Motion to Join Additional Parties	October 12, 2006
Status Conference (review status of discovery and set remainder of pretrial schedule)	December, 2007
Completion of Fact Discovery	January 12, 2008